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March 1, 2018

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *In the Matter of W. Mansfield Jennings Limited Partnership, and Hargray Communications Group, Inc.*, WC Docket 18-52

Dear Ms. Dortch:

On February 27, 2018, Trey Judy, Director, Hargray Communications Group, Inc. ("Hargray") and the undersigned met via telephone with Suzanne Yelen and Joseph Sorresso of the Wireline Competition Bureau to discuss Hargray's pending Application to Transfer ComSouth's Domestic Section 214 Authority to Hargray.[1] As explained in our Application, the transaction will result in tremendous public interest benefits by, for example, ensuring that ComSouth will have the resources necessary to continue to invest and provide high-quality services to rural consumers in Georgia.[2] The transaction will also result in significant efficiencies. Indeed, Hargray estimates the transaction could produce nearly $2 million in savings. The Commission should expeditiously grant our Application.

Although we believe that Parts 32, 36, 54, 64, and 69 of the Commission's rules provide sufficient protection to guard against any potential concerns regarding allocation of shared costs,[3] Hargray has adopted internal cost allocation procedures that go above and beyond the Commission's rules and provide additional assurances that our allocation of shared costs will be reasonable. In particular, Hargray allocates shared costs for all of its operating subsidiaries (including incumbent LECs, competitive LECs, cable provider and long distance affiliate) based on the following five factors: (1) employee count; (2) gross plant (total cost of plant in service without regard to accumulated depreciation); (3) operating margin (gross revenues less operating

[1] *See Application to Transfer Control of Domestic 214 Authority*, Application, WC Docket 18-52 (filed Feb. 22, 2018) ("Application").

[2] *Id.* at 2, 6-8.

[3] *See generally* 47 C.F.R. pts. 32, 36, 54, 64, and 69.

expenses excluding shared costs); (4) access lines; and (5) total revenues (total revenues including inter-company charges). These five factors are equally weighted and apply to regulated and non-regulated shared costs.

The following chart illustrates the application of the five factors assuming three companies (A, B, and C) have $1 million in shared costs

| | Methodology | Company A | Company B | Company C | Total |
|---|---|---|---|---|---|
| 1<br>2 = 1(ABC)/1 Total | Employee Count<br>Allocation % | 80<br>80% | 15<br>15% | 5<br>5% | 100<br>100% |
| 3<br>4 = 3(ABC)/3 Total | Plant in Service<br>Allocation % | $85,000,000<br>85% | $10,000,000<br>10% | $5,000,000<br>5% | $ 100,000,000<br>100% |
| 5<br>6 = 5(ABC)/5 Total | Margin FYTD<br>Allocation % | $7,000,000<br>70% | $2,000,000<br>20% | $ 1,000,000<br>10% | $ 10,000,000<br>100% |
| 7<br>8 = 7(ABC)/7 Total | Access Lines<br>Allocation % | 15,000<br>75% | 3,000<br>15% | 2,000<br>10% | 20,000<br>100% |
| 9<br>10 = 9(ABC)/9 Total | Revenues YTD<br>Allocation % | $15,000,000<br>50% | $10,000,000<br>33% | $ 5,000,000<br>17% | $ 30,000,000<br>100% |
| 11 =2 + 4 + 6 + 8 +10<br>12 = 11/5 | Summary | 360%<br>72% | 93%<br>19% | 47%<br>9% | 500%<br>100% |
| (ABC) Allocated Cost = Total Shared Cost * % in line 12 | Shared Cost | $720,000 | $ 186,667 | $ 93,333 | $1,000,000 |

Please contact me if you have any questions regarding these matters.

Sincerely,

/s/ *Rebekah P. Goodheart*
Rebekah P. Goodheart

cc: Suzanne Yelen
Joseph Sorresso